

California Enterprise Zones and Other Economic Development Areas

Department of Housing and Community Development

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DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE
1800 3RD STREET, SUITE 390, SACRAMENTO, CA 95811
(916) 322-1112 www.hcd.ca.gov

Economic Development Areas

Purpose	Assistance Type
Stimulate business investment and job creation for disadvantaged individuals in state-designated economically distressed areas of California.	<p>A wide range of state and local incentives designed to help businesses succeed and expand. State income tax-based incentives include:</p> <ul style="list-style-type: none">♦ Hiring credits of up to \$37,440 for each qualified employee hired over a five-year period;♦ Sales tax credits on purchases of up to \$20 million per year's worth of qualified machinery and parts;♦ Up to 100 percent net-operating loss deduction and 15-year carryforward;♦ Up-front expensing of certain depreciable property; and♦ Net interest deductions for lenders to zone businesses.
Terms	Eligible Applicants
Zones are in effect for 15 years from the date of designation.	Companies engaged in a trade or business within a designated zone are eligible for incentives. Communities seeking zone designation are scored competitively on their marketing strategies and development plans, financing programs, economic distress indicators and other similar criteria.
Eligible Activities	Application Procedure
Incentives support the establishment, expansion and retention of businesses within designated zones. Eligible business activities include capital investment, lending, hiring and job retention. Types of zones include enterprise zones (EZs), Targeted Employment Areas (TEAs), Targeted Tax Areas (TTAs), Manufacturing Enhancement Areas (MEAs), and Local Agency Military Base Recovery Areas (LAMBRAAs).	To claim incentives, businesses apply through local zone managers or the state income tax process. To receive zone designation, eligible communities apply to HCD during open application rounds.